



INDUSTRIAL ALLIANCE
INSURANCE AND FINANCIAL SERVICES

Fourth Quarter 2001

**Selected Consolidated
Financial Information**

as at December 31, 2001

SELECTED CONSOLIDATED FINANCIAL INFORMATION INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY						
In millions of dollars, unless otherwise indicated	3-month period ending December 31			12-month period ending December 31		
	2001	2000	Variation	2001	2000	Variation
PROFITABILITY						
Profit						
Net income	29.5	29.6	(0.3%)	106.6	100.8	5.8%
Net income to participating policyholders	0.9	(1.4)	---	2.7	2.7	0.0%
Net income to shareholders						
▪ Including unusual items	28.6	31.0	(7.7%)	103.9	98.1	5.9%
▪ Excluding unusual items	28.6	25.0	14.4%	103.9	92.1	12.8%
Rate of return measures						
Return on common shareholders' equity (ROE) ¹	---	---	---	14.0%	14.0%	---
Earnings per share (EPS) ²						
▪ Basic and diluted, including unusual items	\$0.76	\$0.82	(7.3%)	\$2.75	\$2.59	6.2%
▪ Basic and diluted, excluding unusual items	\$0.76	\$0.66	15.2%	\$2.75	\$2.43	13.2%
Book value per outstanding common share	---	---	---	\$20.98	\$18.72	12.1%
Net income to shareholders by line of business (excluding unusual items)						
Individual Insurance	15.1	16.2	(6.8%)	55.7	46.2	20.6%
Group Insurance	3.5	(0.3)	---	11.9	4.1	190.2%
Individual Annuities	7.4	6.4	15.6%	21.0	26.6	(21.1%)
Group Pensions	2.6	2.7	(3.7%)	15.3	15.2	0.7%
Total	28.6	25.0	14.4%	103.9	92.1	12.8%
Basic earnings per share by line of business (excluding unusual items)						
Individual Insurance	\$0.41	\$0.43	(4.7%)	\$1.48	\$1.22	21.3%
Group Insurance	\$0.09	(\$0.01)	---	\$0.31	\$0.10	210.0%
Individual Annuities	\$0.19	\$0.17	11.8%	\$0.55	\$0.71	(22.5%)
Group Pensions	\$0.07	\$0.07	0.0%	\$0.41	\$0.40	2.5%
Total	\$0.76	\$0.66	15.2%	\$2.75	\$2.43	13.2%
BUSINESS GROWTH						
Premium						
▪ Including CMA	442.6	574.7	(23.0%)	2,077.0	2,239.0	(7.2%)
▪ Excluding CMA	442.0	421.1	5.0%	1,905.0	1,825.3	4.4%
Premium by region						
Atlantic Provinces	---	---	---	4.9%	5.4%	---
Quebec	---	---	---	47.4%	43.7%	---
Ontario	---	---	---	21.8%	26.8%	---
Western Provinces	---	---	---	23.9%	22.1%	---
Outside Canada	---	---	---	2.0%	2.0%	---
Total	---	---	---	100.0%	100.0%	---
Investment income	203.7	106.6	91.1%	542.3	599.2	(9.5%)
Fees and other income	28.3	23.7	19.4%	93.6	88.1	6.2%
Total revenues	674.6	705.0	(4.3%)	2,712.9	2,926.3	(7.3%)
Individual Insurance						
Sales (First-year annualized premiums)	33.5	42.4	(21.0%)	145.0	134.1	8.1%
Premium	167.9	163.4	2.8%	658.8	607.8	8.4%
Group Insurance						
Sales						
▪ Employee benefit plans (First-year annualized premiums)	17.9	7.6	135.5%	65.6	39.6	65.7%
▪ Creditor insurance (Single premiums)	26.7	25.1	6.4%	108.0	100.3	7.7%
Premium						
▪ Employee benefit plans	102.1	83.8	21.8%	363.9	304.3	19.6%
▪ Creditor insurance	21.8	20.3	7.4%	85.9	84.6	1.5%
▪ ASO	8.9	7.5	18.7%	33.5	29.0	15.5%
▪ Total	132.8	111.6	19.0%	483.3	417.9	15.6%
Individual Annuities						
Premium						
▪ General funds	32.2	14.5	122.1%	147.4	163.9	(10.1%)
▪ Segregated funds	70.6	82.9	(14.8%)	381.7	449.9	(15.2%)
▪ Total	102.8	97.4	5.5%	529.1	613.8	(13.8%)
Funds under management						
▪ General funds	---	---	---	1,721.7	1,786.0	(3.6%)
▪ Segregated funds	---	---	---	2,928.1	2,859.8	2.4%
▪ Total	---	---	---	4,649.8	4,645.8	0.1%

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¹ The return is calculated by dividing the common shareholders' net income for the last twelve months, excluding unusual items, by common shareholders' average equity.

² Earnings per share are calculated by dividing the common shareholders' net income, excluding unusual items, by the weighted average number of shares.

SELECTED CONSOLIDATED FINANCIAL INFORMATION INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY						
In millions of dollars, unless otherwise indicated	3-month period ending December 31			12-month period ending December 31		
	2001	2000	Variation	2001	2000	Variation
BUSINESS GROWTH (continued)						
Group Pensions						
Sales ³	47.2	77.5	(39.1%)	344.1	257.5	33.6%
CMA premiums	0.6	153.6	(99.6%)	172.0	413.7	(58.4%)
Premium (net of reinsurance) ⁴						
▪ Including CMA	38.1	205.5	(81.5%)	407.0	616.5	(34.0%)
▪ Excluding CMA	37.5	51.9	(27.7%)	235.0	202.8	15.9%
Funds under management						
▪ CMA funds ⁴	---	---	---	28.8	1,520.9	(98.1%)
▪ Other	---	---	---	2,687.6	2,657.2	1.1%
▪ Total	---	---	---	2,716.4	4,178.1	(35.0%)
OTHER BUSINESS INFORMATION						
General expenses	58.1	55.9	3.9%	212.0	205.4	3.2%
General expenses and investment expenses	63.5	61.2	3.8%	232.5	225.7	3.0%
General expenses as a % of total revenues	8.6%	7.9%	---	7.8%	7.0%	---
Policy benefits and claims incurred	275.3	254.0	8.4%	1,138.3	1,200.9	(5.2%)

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In millions of dollars, unless otherwise indicated	As at December 31 2001	As at September 30, 2001	As at December 31, 2000
CAPITALIZATION			
Capital structure			
<i>Subordinated debentures</i>	185.0	185.0	185.0
<i>Participating policyowners' account</i>	53.4	52.5	50.7
Equity			
Preferred shares	75.0	75.0	75.0
Common shares	382.0	382.0	379.2
Retained earnings	397.6	374.8	316.9
Currency translation account	10.2	6.9	7.4
Total equity	864.8	838.7	778.5
Total capital structure	1,103.2	1,076.2	1,014.2
Capitalization measures			
Debt to capital ratio ⁵	16.8%	17.2%	18.2%
Capitalization ratio ⁶	14.8%	14.6%	14.1%
MCCSR	187%	178%	187%
Stock market data			
Number of shares outstanding (in millions)	37.65	37.65	37.58
Price of IAG shares	\$46.65	\$41.00	\$40.65
Market capitalization	1,756.3	1,543.6	1,527.7
ASSETS UNDER MANAGEMENT/ADMINISTRATION			
General fund assets	8,886.3	8,800.3	8,571.8
Segregated fund assets	4,061.6	3,777.3	5,439.5
Other assets under management/administration ⁷	2,192.7	2,116.4	90.6
Total	15,140.6	14,694.0	14,101.9

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³ Includes the premiums for insured annuities and accumulation products, as well as funeral pre-arrangements deposits.

⁴ Group pensions premiums collected under the arrangement with the Canadian Medical Association (CMA) were no longer on Industrial Alliance's books as of July 1, 2001, since they were transferred to a life insurance company, MD Life, held jointly by MD Management and National Life, a subsidiary of Industrial Alliance.

⁵ The debt to capital ratio is equal to the subordinated debentures divided by the total capital structure.

⁶ The capitalization ratio is equal to the total capital structure divided by the total actuarial liabilities and other liabilities.

⁷ Primarily includes the funds of the Canadian Medical Association, Investia Financial Services Inc. and Industrial-Alliance Trust Company.

SELECTED CONSOLIDATED FINANCIAL INFORMATION INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY			
In millions of dollars, unless otherwise indicated	As at December 31, 2001	As at September 30, 2001	As at December 31, 2000
INVESTMENTS			
Total investments	8,570.7	8,472.0	8,260.9
Distribution of investments by asset category			
Bonds	48.9%	48.3%	46.9%
Mortgage loans	31.0%	31.8%	33.0%
Real estate	5.0%	4.9%	4.8%
Stocks and equity indices	8.2%	8.3%	8.6%
Other	6.9%	6.7%	6.7%
Total	100.0%	100.0%	100.0%
Distribution of investments by region			
Atlantic Provinces	4.4%	4.4%	4.0%
Quebec	49.3%	49.1%	49.8%
Ontario	20.5%	20.5%	20.1%
Western Provinces	18.5%	18.9%	20.2%
Outside Canada	7.3%	7.1%	5.9%
Total	100.0%	100.0%	100.0%
Impaired investments (excluding insured loans)			
Book value of impaired investments ⁸	24.1	28.0	21.4
Impaired investments as a % of investments	0.28%	0.33%	0.26%
Provisions	15.4	16.2	14.3
Provisions as a % of impaired investments	39.1%	36.6%	39.9%
Bonds			
Book value of the portfolio	4,193.1	4,093.2	3,874.5
Distribution by credit rating			
Rating – AAA	12.4%	11.4%	10.9%
Rating – AA	13.1%	13.8%	14.8%
Rating – A	65.9%	66.8%	66.9%
Rating – BBB	8.6%	7.9%	7.2%
Rating – BB and lower	0.0%	0.1%	0.2%
Total	100.0%	100.0%	100.0%
Distribution by category of issuers			
Governments	52.4%	52.6%	51.9%
Municipalities	1.2%	1.1%	1.7%
Public corporations	32.9%	33.3%	34.1%
Private corporations	13.5%	13.0%	12.3%
Total	100.0%	100.0%	100.0%
Other quality measures			
Market to book value	111.9%	110.3%	113.1%
Delinquency rate	0.03%	0.03%	0.00%
Mortgage loans			
Book value of the portfolio	2,660.4	2,688.0	2,729.6
Delinquency rate			
Insured loans	0.27%	0.46%	0.48%
Conventional loans	0.62%	0.66%	0.08%
Total	0.48%	0.58%	0.23%
Distribution by type of property			
Single family	18.7%	18.9%	19.0%
Multi-residential	51.3%	50.9%	49.7%
Sub-total – Residential	70.0%	69.8%	68.7%
Commercial	30.0%	30.2%	31.3%
Total	100.0%	100.0%	100.0%
Distribution by type of loans			
Insured loans	40.9%	39.5%	39.3%
Conventional loans	59.1%	60.5%	60.7%
Total	100.0%	100.0%	100.0%
Other quality measures			
Proportion of delinquent loans that are insured	23.3%	31.5%	80.4%
Delinquency rate, including property and real estate deeds held for sale	1.21%	1.41%	1.17%
Proportion of conventional restructured loans	0.00%	0.03%	0.02%
Real estate			
Book value of the portfolio	424.9	418.2	392.3
Market to book value	106.3%	104.0%	106.1%
Occupancy rate	96.3%	96.3%	96.7%

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⁸ Value of impaired investments, net of provisions.

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INVESTMENTS (continued)			
Stock and equity indices			
Book value of the portfolio	703.2	705.5	707.9
Distribution of stock and equity indices by category			
▪ Common shares	7.4%	7.8%	4.6%
▪ Preferred shares	29.8%	34.3%	31.6%
▪ Market indices	19.3%	17.6%	13.6%
▪ Segregated funds	43.5%	40.3%	50.2%
▪ Total	100.0%	100.0%	100.0%
Market to book value	98.2%	96.6%	102.1%
ACTUARIAL LIABILITIES			
Insurance	3,521.5	3,392.7	3,233.3
Annuities	3,500.0	3,548.1	3,546.7
Total	7,021.5	6,940.8	6,780.0
HUMAN RESOURCES		Number of people	
Number of employees	2,035	2,025	1,948
Number of Career representatives	1,270	1,269	1,218